

### **REMARKS**

This responds to the Office Action mailed on September 21, 2005.

Claims 1, 6, 13, and 20-21 are amended; as a result, claims 1-21 are now pending in this application.

Applicants note that the claims were amended to overcome what the Examiner has alleged is non-statutory subject matter and indefiniteness problems. Thus, the amendments were made to overcome form and not substance. Correspondingly, the amendments were made to place the claims in condition for allowance and clearly do not require the Examiner to conduct a new search. So, entry of these amendments is appropriate and Applicants respectfully request that the amendments be entered.

### **§101 Rejection of the Claims**

Claims 1-20 were rejected under 35 U.S.C. § 101 as being non-statutory because the method claims as presented do not claim a technological basis. Although Applicants disagree with the requirement that the method be embodied in a physical structure as the Examiner seems to suggest, the independent claims have been amended to recite methods, which are machine implemented. Applicants would also like to make a number of points with respect the Examiner's rejections under § 101, which the Applicants would like to be part of the record and which are particularly relevant.

First, the Examiner indicates that the test is whether there is a technical basis for the claims as drafted. By technical basis Applicants assume the Examiner means the "technical arts" test that the Patent Office has heretofore been using as a requirement for software-related claims. A number of case law opinions are regularly recited by the office in support of this requirement, these usually include: *In re Musgrave*, 431 F.2d 882, 167 USPQ 280 (CCPA 1970); *In re Toma*, 575 F.2d 872, 197 USPQ 852 (CCPA 1978); and *Ex parte Bowman*, 61 USPQ2d 1669 (Bd. Pat. App. & Int. 2001)(non-precedential).

Here, the Examiner recites *Ex parte Bowman*; although the Examiner seems to suggest it is being cited for rationale and not any legal precedent, since the Examiner admits that this opinion is non-precedential. With respect to that citation, Applicants question how this case can

be cited if its authority cannot be relied upon. It would seem that the rationale of *Ex parte Bowman* was used within the context of its facts and its holding; and that holding cannot be recited as legal precedent. Therefore, Applicants object to the recitation of *Ex parte Bowman* for any purpose with respect to the present application.

The Board of Patent Appeals has recently rejected and overruled the Patent Office's use of the "technical arts" test with respect to determining what is deemed statutory subject matter and what is not deemed statutory subject matter. The Examiner's attention is directed to *Ex Parte Carl A. Lundgren*, Appeal No. 2003-2088; Application No. 08/093,516; Paper No. 78. In this recent case (labeled as a precedential opinion by the Board). The "technical arts" test was overruled. The Board stated that once an Examiner determines that a claim is concrete and produces a tangible result, the analysis ends and the claim in question is patentable subject matter for purposes of § 101 analysis.

In *Lundgren*, the Board specifically reviewed the above cited cases including *Bohman* and the Board found that there is no "technical arts" test that can be supported in the law. In fact, *Bohman* was rejected outright by the Board, stating it cannot be cited as it is non-precedential. *Lundgren*, page 6-8.

What is particular relevant in the *Lundgren* decision is that the Board found that a purely manual process devoid of any physical medium or implementation was in fact statutory subject matter because it was concrete and produced a tangible result. The claims in *Lundgren* were in fact pure business method claims; unlike the present application where the claims are in fact embodied within a machine implementation. The Board clearly stated that once it is resolved that a claim is concrete and produces a tangible result that the analysis ends and the claim is deemed to be statutory subject matter. The Board went further and stated there is no "technical arts" test or requirement. The decision in *Lundgren* is binding authority that the Patent Office is bound to follow.

Finally, the Examiner seems to suggest that a claim must include structure not only within its preamble but within the body of the claim. Applicants again respectfully disagree with this interpretation and assert that such an interpretation cannot be supported by existing case law and cannot be supported by the Patent Office's own administrative rules promulgated in the MPEP.

Applicants assert that the structures in Applicants' preambles (machine-implemented) are sufficient to provide structure for the claim bodies. Once again, the Examiner's attention is directed to MPEP 2111.02 "Effect of Preamble." Here it is stated: "any terminology in the preamble that limits the structure of the claimed invention must be treated as a claim limitation." *Emphasis added*. Also see, *Corning Glass Works v. Sumitomo Elec. U.S.A., Inc.*, 868 F.2d 1252, 1257 (Fed. Cir. 1989). There is little doubt that claims recite structure, namely "machine-implemented" and that this structure limits the positively claimed language of the rejected claims to machine-implemented embodiments. The entire MPEP section 2106 discusses permissible software inventions, which include data structures where only the preambles of the data structures provide any structure. Structure is provided by way of the media and machine-implementation and that includes a computer element, which the entire MPEP cites as permissible structure. The structure is sufficient if it resides solely in the preamble of the claim. The *Corning* case asserted this and the MPEP comports with the *Corning* case, and the MPEP is not contrary to this interpretation as the Examiner appears to be asserting.

Therefore, Applicants believe that the claims required no amendments to be statutory in view of the current law that is binding on the Patent Office. However, Applicants have limited the method claims to machine-implementations. In view of this, these rejections are not sustainable and should be withdrawn because there is no "technical arts" test as asserted by the Examiner; and because structural limitations in the preambles of claims can and are imparted as limitations to the language of the claim bodies.

Thus, Applicants assert that the Examiner has misinterpreted and misapplied the current state of the law and the MPEP administrative rules in rejecting the claims. Accordingly, the § 101 rejections cannot be sustained and should be withdrawn.

#### §112 Rejection of the Claims

Claim 6 was rejected under 35 U.S.C. § 112, second paragraph, for indefiniteness. Although Applicants disagree that the term "incentivising" is indefinite, Applicants have reworded this phrase consistent with the original filed specification, such that now rewards are provided based on a reward structure. Clearly, this is now definite; therefore, the rejection of claim 6 should be withdrawn.

§103 Rejection of the Claims

Claims 1, 3 and 7 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Wallman et al. (U.S. 6,601,044) (hereinafter “Wallman (044)”). It is of course fundamental that in order to sustain an obviousness rejection that each and every step in the rejected claims must be taught or suggested in the cited reference or proposed combination of references. Here, the Examiner has relied on a single reference for purposes of rendering independent claim 1 obvious and it would seem that the Examiner is indicating that Wallman (044) suggests a number of limitations taught in Applicants’ independent claim 1 without explicitly mentioning these particular limitations.

Wallman (044) is used for aggregating a set of investors with fractional buy or sell orders for an investment into a pool, such that the buy and sell transaction becomes financially feasible and doable. What Wallman (044) clearly lacks and what it does not suggest is a second population of users. Even assuming the set of investors that are pooled together may be deemed a first population of users, there is still no indication or suggesting of a second population of users in Wallman (044).

In fact, Applicants respectfully submit that the Wallman (044) reference fails to teach or even suggest a second population of users and how that might be used and the Examiner has not even addressed this limitation in Applicants’ independent claim 1. Applicants can find no reference within the Final Office Action where the Examiner addresses this positively recited limitation. Correspondingly, Applicants do not believe that an Advisory in response to this communication is appropriate, since Applicants cannot guess as to what aspect of Wallman (044) that the Examiner intends to use for this positively recited limitation, which is present in independent claim 1.

This lack of teaching with respect to a second population of users makes sense because Wallman (044) is simply directed to reducing trading costs by aggregating investors into a pool for purposes of a buy or sells order. Moreover, because Wallman (044) lacks a teaching or even a suggestion of a teaching for a second population of users, Wallman (044) cannot be said to teach another limitation, which is positively recited in Applicants’ independent claim 1. That limitation is that a financial product is derived for a second population or users. Again, this

second teaching is not addressed at all by the Examiner. Applicants respectfully submit that they cannot be expected to guess as to how the Examiner is interpreting Wallman (044) for these teachings when the Examiner fails to address them at all in the Final Office Action and when Applicants cannot even find a suggestion of these teachings within the Wallman (044) reference.

Therefore, the rejections with respect to independent claim 1 and dependent claims 3 and 7 should be withdrawn. Moreover, Applicants respectfully assert because the Examiner failed to address the abovementioned limitations that an subsequent Advisory Action in response to this communication is not appropriate.

Claims 2, 4-5 and 8 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Wallman (044) in view of O'Shaughnessy (U.S. 6,484,151) as applied to claims 1, 3 and 7 above, and further in view of Wallman et al. (U.S. 6,338,047). Claims 2, 4-5, and 8 are dependent from independent claim 1, therefore, for the remarks presented above with respect to independent claim 1, the rejections of claims 2, 4-5, and 8 should be withdrawn and these claims allowed.

Claim 6 was rejected under 35 U.S.C. § 103(a) as being unpatentable over Wallman (044) in view of O'Shaughnessy (U.S. 6,484,151) as applied to claims above, and further in view of Melnikoff et al. (U.S. 5,784,696). Claim 6 is dependent from independent claim 1, thus, for the remarks presented above with respect to independent claim 1, the rejection of claim 6 should be withdrawn and this claim allowed.

Claims 9-12 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Wallman (044) in view of O'Shaughnessy (U.S. 6,484,151) and in further view of Reese (U.S. 6,236,980). Claims 9-12 are dependent from independent claim 1, accordingly, for the remarks presented above with respect to independent claim 1, the rejections of claims 9-12 should be withdrawn and these claims allowed.

Claims 13-21 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Wallman et al. (U.S. 6,338,047) (hereinafter "Wallman 047) in view of Wallman (044). Again,

to sustain an obviousness rejection each and every step in the rejected claims must be taught or suggested in the proposed combination of references.

With respect to the rejection of independent claim 13, the Examiner cited Wallman (047) for the teaching of a technique to operate a mutual fund. The technique discloses how an investor can actively and directly change his/her position within a mutual fund via cash contributions or in-kind stock to be converted to buy more of the mutual fund. For claim 13, the Examiner also cites Wallman (044) for a teaching where a particular investor is presented with recommended portfolios from which the investor can select one and/or modify a selected one.

First, independent claim 13 “receiv[es] recommendations for securities from a population of users.” *Emphasis added.* In Wallman (047), a single investor selects a portfolio that others are investing in and then customizes that portfolio for that single investor by directly changing investment proportions for individual holdings. The resulting portfolio is not associated with a population of users it is associated with that single user. The very reference the Examiner cited, namely Wallman (047) column 11 and lines 45-65 unambiguously comports with this interpretation. The problem with relying on this teaching of Wallman (047) is that in Wallman (047) a single user issues instructions or directives to modify positions in holdings directly and the changes in positions affect the customized portfolio of the single user and not a population of users. Conversely, it is evident from the language of claim 13 that it is “recommendations for securities” that is received from “a population of users.”

Second with respect to claim 13, Wallman (044) presents a technique where it recommends to a user a list of suggested portfolios; the user does not recommend to the method of Wallman (044). Moreover, once again in Wallman (044) a single user modifies a recommended portfolio to create his/her own unique portfolio. A single user's changes do not affect an entire population of investors.

Therefore, with respect to claim 13, both references are directed to permitting a user to customize his/her portfolio via instructions or directives directly. Conversely, in Applicants' independent 13 a population or users make recommendations as to weights for subset of securities and these are then used to identify position changes for the entire population's mutual fund. There is no ability in either reference for investors to act in communities or groups with one another. This makes sense because the references are in fact directed to customization for

each individual investor and not directed to investment groups or communities acting in lock step with one another as a cohesive group. The only group interaction is indirectly performed in Wallman (044) where investors are pooled to make fractional buys and sells and in such a situation the investors may not even realize they were part of a group and may not have anything in common with that transparently organized group.

Accordingly, the rejection with respect to claim 13 should be withdrawn and the claim and its dependents allowed. Applicants respectfully request an indication of the same.

With respect to claims 20 and 21, the Applicants once again respectfully submit that the Examiner did not address these claims within the context of the cited references which are being used to reject claims 20 and 21. Specifically, claim 20 recites "establishing a naked fund" and claim 21 recites "reviewing current fund holdings data over a WAN from a server node."

Applicants cannot find any suggestion for teachings these above-cited limitations.

Correspondingly, Applicants assert that the present Final Action was inappropriate and that any subsequent action cannot be a final since the Examiner has not on the record addressed the limitations of these claims. Applicants respectfully submit that the Examiner either permits these claims or that a new non-final action be issued that addresses the above mentioned limitations within the context of the references.

Therefore, because claims 20 and 21 were not addressed at all, Applicants submit that the rejections of record cannot be sustained and that the claims should be allowed. Alternatively, any subsequent communication with respect to these claims should be a non final action.

**CONCLUSION**

Applicants respectfully submit that the claims are in condition for allowance and notification to that effect is earnestly requested. The Examiner is invited to telephone Applicants' attorney (513) 942-0224 to facilitate prosecution of this application.

If necessary, please charge any additional fees or credit overpayment to Deposit Account No. 19-0743.

Respectfully submitted,

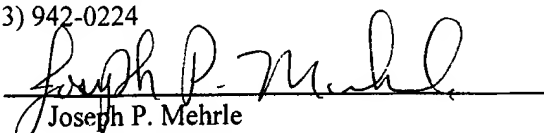
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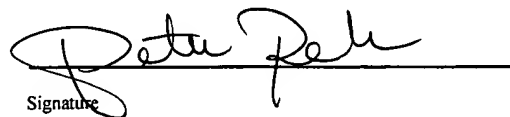
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